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gfiles
INSIDE THE GOVERNMENT

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'THE EMPLOYMENT EXCHANGE DOES NOT WORK IN INDIA'

BIG BOSS | chief statistician of india | pronab sen

interviewed by RASHME SEHGAL

Dr Pronab Sen, Chief Statistician and Secretary, Ministry of Statistics and Programme Implementation, generates key data on all our economic indicators such as Gross Domestic Product, index of industrial production, price indices and national sample surveys. Before becoming Chief Statistician, Sen spent 12 years in the Planning Commission where he played a key role in shaping government policy in areas which included civil aviation, agriculture and pharmaceuticals. He was reportedly the frontrunner to be chief economic adviser in the Finance Ministry before Montek Singh Ahluwalia was brought into Yojana Bhawan. Sen acquired MA and MBA degrees from George Washington University and a doctorate in economics from Johns Hopkins University. He also possesses expertise in development issues.

gfiles: *How close do you get to mapping information regarding the employment opportunities available to people in both the organized and unorganized sectors?*

Pronab Sen: This is a very difficult job. The employment exchange does not work in India. Rather, it works only for the government and public sector, it does not work for the private sector. Therefore it cannot be considered a sensitive indicator of what is going on because it covers only a part of the overall job scenario. People whose names have been listed in the employment exchange may get jobs but then will not inform they have got jobs. As we develop further, employment is going to become a critical issue and we will need to track this on a much more frequent basis. Our National Sample Survey Organization (NSSO) data is released every five years. Our surveys are planned for a year and then repeated year after year though employment in rural areas is subject to a great deal of seasonal variation with the monsoon months being a period of low employment.

Other nations track employment on a quarterly basis. One of the reasons for this is that the bulk of their employment is in the organized sector. We cannot compare India's data collection with other Asian nations. Take a major power like China.

→

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BIG BOSS

Their data collection is pathetic. They do not collect data on the rural price rise at all. We, on the other hand, have a weekly consumer price index and also a monthly wholesale price index.

gfiles: *Your ministry publishes data on employment, vocational training, nutrition, education and energy consumption patterns. What are your latest findings in these fields?*

PS: Our employment-related data is okay at the national level but we do not collect data for states. States like Andhra Pradesh and Tamil Nadu have good records in tracking employment-related data but other states are very poor. They don't have the capacity to track data and rely on what we put together. We do not track data on commercial energy consumption as that is done by the Ministry of Power which gets its information from the state energy boards. Coal consumption is put together by the Ministry of Coal though we do collect information on households using alternate sources such as energy generated from the use of dung cakes, *gobar* gas and wood. But in terms of growth, we remain the primary data agency. We track growth levels on a quarterly and an annual basis especially in terms of poverty alleviation.

gfiles: *What is the bench line used to gauge poverty removal?*

PS: The UN Statistical Commission lays down indicators that every country must use as their benchmark. The UN system of national accounts looks at the overall GDP, broad sectoral breakups such as investment, savings, household expenditure, public consumption and other details. What the public gets to see is a fraction of what we collect.

gfiles: *Despite all this emphasis on data, why have the anti-poverty programmes failed to make a dent in removing poverty on the ground. What is your assessment?*

PS: Their failure is largely an implemental issue. Most of these programmes are not designed to take people above the poverty level. They are only designed to ensure levels of deprivation are kept under control. Take the example of the National Rural Employment Guarantee Act (NREGA). It helps assure an individual gets 100 days of work at Rs 60 per day which works out to a maximum of Rs 6000 per family over a 12-month period. It only provides a safety net.

gfiles: *Why does the government not raise more funds from funding agencies to assist in poverty alleviation?*

PS: If we start using loans for essential consumption, then how are we going to repay those loans?

gfiles: *Should the tax net be increased?*

PS: Our tax system is not so bad. At present, 17 per cent of the GDP is being taxed. This is the non-black money component of the economy.

gfiles: *How much has poverty actually declined?*

PS: Between the early 1970s and 2001, poverty came down from 52 to 28 per

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FOTOS4INDIA

'If you want to teach carpentry, you would need to hire an experienced carpenter – someone around 45 years of age. But government rules forbid hiring anyone of that age'

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gfiles
INSIDE THE GOVERNMENT

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So what's so new about Nandigram? The tragedy, privation and suffering are beyond debate. But what is also beyond contention is that Nandigram is the latest episode dramatically underlining the unrelenting breakdown in governance and the subjugation of civic society to the political jackboot. The maturing of civic society – an atmosphere in which mutual decency and the Rule of Law are the fundamental precepts of social cohesion – goes hand in hand with good governance. Even in the face of economic and social disparities, good governance plays a role in enhancing the quality of life by ensuring justice, fairplay, protection of the weak, equality of opportunity. In the system adopted by India, our civil services, local bureaucracies, and the police are supposed to be the guardians of civic society that ensure continuity, cohesiveness and the principles of natural justice even during political upheavals.

We watched with helpless horror as mobs of different political hues "captured" and "recaptured" with impunity a small territory of our sovereign nation. What stood out sharply was the total redundancy of our civil services as they watched themselves sidelined as mere spectators while armed political apparatchiks planted their flags.

But Nandigram is not the first. The usurpation of the legitimately constituted authority of the state – the sovereignty of the people of this land – by political organizations is our country's biggest administrative crisis since independence. Wherever the steel frame of the bureaucracy breaks down, the centre cannot hold and anarchy is the winner. The centre did not hold during Partition – civil governance broke down and so did civic society and civilized norms – and life, as Hobbes described it, was nasty, brutish and short. The occupation of the Golden Temple by Bhindranwale, the anti-Sikh riots of 1984, the communal riots in Moradabad, Aligarh, and Meerut, the Babri Masjid demolition, the Bombay riots, the post-Godhra massacres in Gujarat, the vigilante *salwa judum* in Chhattisgarh, are a terrifying testament to civil administration being sacrificed at the altar of political expediency.

In all these cases civil services were paralysed not because mobs took to the streets but because the political class tied the hands of the civil servants and prevented them from doing their duty – ie acting according to the Constitution of this land. Nandigram shows the Communists in a terrible light but, in the true historical context, the Marxists have used tactics no different from those of politicians who go by other names.

The politicization and sidelining of the civil services in which bureaucrats are made the handmaidens of their political bosses is a trend that is threatening the very administrative infrastructure of India. Already, the Naxals have cut a swath of "autonomy" across a huge chunk of India and politicians are jumping in to see how to exploit the situation. And matters will get worse unless men and women of good sense put politics aside and work together to restore the badly eroded authority of the state.
It is a cause that should unite all retired and serving civil servants, police officials, administrators, and institutions and civic bodies.

INDERJIT BADHWAR
Editor-in-Chief

LETTERS: I have read *gfiles*. It is excellent. I have also shown it to President Rajapakse, who has really appreciated it. We too want to have a magazine like this in Sri Lanka. I am very keen about two things: linking our bureaucracy and India's, and also connecting into the huge network of academic institutions dealing with management studies and public administration reforms studies.

We would love to see Sri Lanka have a world-class bureaucracy. Secondly, improving English education in Sri Lanka has been my dream for quite some time. We must have all our rural kids using English without fear.
Lalith Weeratunga
Secretary to HE the President of Sri Lanka

The special report on police recruitment in Uttar Pradesh is shocking. It has been six months since Mayawati came to power, replacing Mulayam Singh Yadav, but no concrete action has been taken against the alleged political masters. Is she afraid that in case Mulayam stages a comeback again, she will be in trouble?
Durgesh Pandey, New Delhi

I have been involved with GL Dhar for 30 years in his struggle to get government servants their due. He feels our pulse, unlike the persons cut off from ground realities. The staff here is happy that you published his views too.
HS Ahluwalia, Ministry of Agriculture

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cent. We have 300 million people living below the poverty line earning as little as Rs 12 per day in rural India. But 70 per cent of rural India is earning Rs 20 a day and this population chunk is living above the poverty line.

gfiles: *That does not sound like too much money.*

PS: We are looking at the rural economy. In rural India, food prices are low, rent is low and the cost of items like water and electricity are negligible. It is in urban areas that rent and food have come to comprise the main expenditure for families. The real issue is how do people move forward on such incomes given the fact that land per person is going down. When we go to the remotest villages in our country, we find a perceptive change among even those living below the poverty line.

gfiles: *What kind of change?*

PS: We can understand this by simply looking at their food consumption patterns. In the aggregate, protein consumption has gone up while calorie consumption has gone down. Earlier, 82 per cent of a family's expenditure was on food; now that figure has gone down to 60 per cent. Families have widened the extent of goods and services they use. Within food items also, consumption of cereals has gone down, while consumption of non-cereals like milk, food, eggs, meat has gone up. People have succeeded in diversifying their incomes. Diversification of income sources holds the key to the future. We need to equip the poor to move off the land to other activities.

gfiles: *Will the Sarva Shiksha Abhiyan help reduce poverty?*

PS: The Sarva Shiksha Abhiyan has ensured a dramatic increase in kids going to school. It used to be 55 per cent of kids, now the number has gone up to 80 per cent. But these kids will hit the job market 15 years from now. What about those kids who are hitting the job market today? They remain our main source of concern. Do they possess the skills to take advantage of the job market? Obviously not. Rather belatedly, the government is focusing on vocational education. The Ministry of Labour is putting a lot of emphasis on vocational education. This is easier said than done. Finding teachers to teach vocational skills is difficult. For one, it requires people willing to adopt a hands-on approach. This is difficult to find in a government set-up. It would require the changing of mindset. If you want to teach carpentry, you would need to hire an experienced carpenter – someone around 45 years of age. But government rules forbid hiring anyone of that age.

gfiles: *You are emphasizing the need to become flexible.*

PS: The agriculture sector is not going to throw up jobs. A large number of the rural poor are marginal farmers or else are landless agricultural labour. With average farm sizes shrinking, several farm families no longer employ landless labour. They prefer to do their own work. This has created a serious crisis for landless labour. The NREGA scheme will help but not solve the problem.

The question is, what kind of skills can be imparted to this landless group? The other question is, can they afford to take up some training? This requires time and even if they do take up a course, how will they support themselves during this training period? There is a grant component to these schemes but we must understand that a 25-year-old has responsibilities beyond himself. It is the non-farm employment segment which is going up substantively.

gfiles: *You have said there has been a substantive fall in both calorie and protein intake in rural areas especially in the northern states.*

PS: The consumption pattern is moving away from cereals to non-cereals. Under the cereal-based food security system, the government procures food from farmers and releases it to fair price shops with subsidy. Food subsidies are costing the government Rs 24,000 crore. I believe that, instead of purchasing wheat at Rs 10 and giving it in the BPL quota at Rs 6 and thereby helping the farmer save Rs 4 (and spend Rs 4 on what he likes and that could be alcohol and cigarettes), it would be better for the government to give the farmer a cheque for Rs 4 and let his family decide on how to spend the money.

The family would be better-off getting a better mid-day meal in school. The mid-day meal programme is costing us Rs 3,500 crore. The question is, is it providing kids the nutrition they require? We should not look at the Tamil Nadu example because the state government is helping subsidize the programme substantially. In Himachal Pradesh, kids pack the food and feed it to the cattle. So its impact varies from state to state and from community to community.

Mothers and small children are undernourished. The majority of mothers are anaemic while 40 per cent of kids are undernourished. Their numbers are much larger than those that show up in statistics. This could be a result of ignorance or because the intra-family food distribution is not good. This requires further investigation. I am not for scrapping of fair price shops. The fair price shop makes grain available which is not the case with the private trader because the cost of transporting food to remote areas is very high.

gfiles: *How big a network do you have to conduct these studies?*

PS: It's not very big. We are using 3,000 people. It is because of this small strength that we find it difficult to do anything at the state level. We are finding it difficult to get people. We have 600 vacancies at present. Our requirement is for people with a mathematical background. Every week, five or six people leave for better jobs in consumer companies and in banks where the work is less strenuous. Our people have to spend four days in a week out in the villages. g

'The mid-day meal programme is costing us Rs 3,500 crore. (But) in Himachal Pradesh, kids pack the food and feed it to the cattle'

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Hand-holding *for* feet-finding

The NSIC's incubation programme provides a launch pad for self-employment

THE National Small Industries Corporation (NSIC), since its establishment in 1955, has been working to fulfil its mission of promoting, aiding and fostering the growth of small-scale industries and service enterprises in the country. Over six decades of transition and growth, NSIC has been promoting first-generation entrepreneurs and helping existing small enterprises in modernization, upgradation of technology, quality consciousness, strengthening linkages with larger enterprises and enhancing exports.

Small enterprise development is one of the thrust areas of the Corporation, which can be achieved by providing hand-holding support to potential entrepreneurs in selection and operation of selected enterprises.

At present, there is a need for an integrated support structure whereby all services like entrepreneurship training, sourcing of technology, preparation of project report, accessing credit from bank/financial institution, marketing support, obtaining government approvals and so on, could be provided by a single agency. While there are different organizations for different services, none of the organizations have been providing all these services under one roof so that the prospective entrepreneur does not have to run around from one institution to another. Many people drop the idea of becoming self-employed firstly due to lack of knowledge and then the hassles of completing various procedures/formalities. This has been felt the biggest hurdle in the success of self-employment oriented schemes/programmes. Even after this hurdle is crossed by a few who are able to establish an enterprise and start production, selling and marketing of their output becomes a big issue.

Incubation is an appropriate tool to prepare any unemployed person for entrepreneurship and to build his capacity for setting up a new enterprise. Incubation provides necessary facilities for prospective entrepreneurs and start-up companies to learn product manufacturing, its processes coupled with technology development, business development, financing arrangements and so on under one roof.

Small enterprises tackle unemployment

Many people drop the idea of becoming self-employed due to lack of knowledge and hassles of procedures/formalities

Keeping in view the need for creating more self-employment opportunities and for capacity-building of unemployed persons who are vulnerable in terms of lack of higher education and sound financial means, NSIC is setting up incubators which would convert an unemployed person into an entrepreneur by providing all support services like practical training on machines/projects, helping in preparation of project reports, providing training, seeking government approval, identification and procurement of plant and machinery, help in accessing credit from banks/financial institutions and providing marketing support, including raw material sourcing and the like.

The objectives of the incubation programme are:

- Self-employment generation among aspiring entrepreneurs.
- Providing integrated support by way of practical training on working projects and complete hand-holding.
- Accelerating the development of new and small enterprises.

The first such incubator set up in NSIC's Okhla campus in Delhi demonstrates and facilitates incubation in low-cost projects like brick manufacturing, wax candle manufacturing, socks, ice cream cones, paper napkins, soya milk, ginger/garlic paste, tomato ketchup, steel cutlery, Pet bottles, chalk crayons, and many more such low-cost and small projects. The idea is to create self-employment by providing low-cost machinery/projects which could create employment for two to five persons per project with an investment between Rs 2 to 10 lakh. The total duration of the incubation programme is three months with four weeks' practical on-the-job training with the remaining period being utilized for sourcing of technology, arranging finance and completion of other documentation, and so on. Each batch comprises 30 persons selected by inviting applications through ads. g

(The writer is Chairman-cum-Managing Director, National Small Industries Corporation)

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Congressmen's lot
none among equals

SCRIBES can extract an apology from Congress president Sonia Gandhi if the Special Protection Group (SPG) men guarding her get a mite too rough with these august personages but party stalwarts certainly cannot. This is what happened during the day-long AICC session held at Delhi's Talkatora Stadium on November 17.

Mid-morning – at a quarter past eleven, to be precise – as the Congress chief finished her speech, a large number of senior partymen was denied entry by the elite security force. They included Haryana Chief Minister Bhupinder Singh Hooda, the state's Finance Minister, Birender Singh, Union Minister for Minority Affairs AR Antulay, MPs Sajjan Kumar and C Apok Jamir, a dozen other current and former MPs, and a large number of delegates with valid identity cards. The reason cited by the SPG was heightened security threat to Rahul Gandhi.

The SPG actually just stopped short of manhandling Antulay, Hooda and Singh. While Antulay turned away and waited for his car to escape the embarrassment, the other two walked away from the scene. Noticing the fracas, Ahmed Patel, political secretary to the Congress president, rushed out of the stadium and grabbed Antulay's hands, pleading with him not to leave. Patel said he would verify everyone's identity so that they could be allowed entry. But the SPG would not budge. Predictably, the delegates became exasperated and stormed the gate – breaking it. As they surged in, the SPG chased them out again with a shower of blows. Meanwhile, on the dais, the induction of the Gandhi scion went on uninterrupted.

Earlier, some journalists had also been prevented entry by the SPG but the Congress president's speech had included some words of apology for the incident.

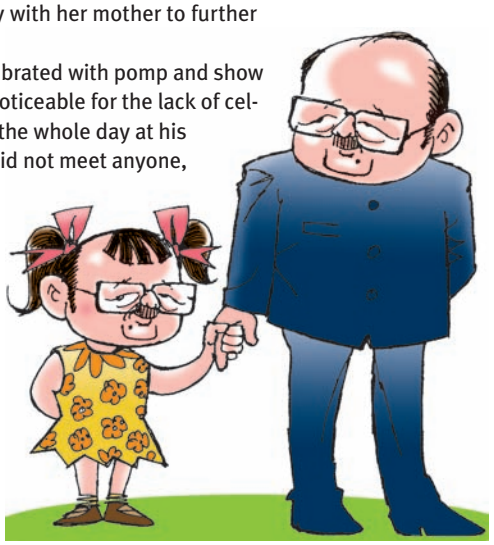
Arjun's heir in the wings
son-daughter combine

CONGRESS veteran Arjun Singh has now realized that the Prime Minister's throne is a distant dream, notwithstanding his proximity and loyalty to the Gandhi family. And so, like other politicians across the board, he has given a clear hint of his political heir in the family on the occasion of his seventy-seventh birthday on November 5.

Of his two sons, Abhimanyu Singh is a businessman in Bangalore while Ajay Singh (known as Rahul) is a Congress MLA in Madhya Pradesh and a former Cabinet Minister in the state. However, the youngest sibling, Beena Singh, is politically more active than Rahul. Though married to an exporter in Delhi, for all practical purposes she lives with her father and works closely with her mother to further her political ambitions.

Unlike Arjun Singh's last birthday, celebrated with pomp and show in Delhi's Asiad Village, this one was noticeable for the lack of celebration. He was closeted in his room the whole day at his official residence on Akbar Road and did not meet anyone, citing poor health. When Congress workers and leaders started pouring into his residence, they found Rahul and Beena accepting greetings on their father's behalf.

This was enough indication for partymen to begin choosing Arjun Singh's heir. Some in their political wisdom went to Rahul while others made a beeline for Beena. Whether the Gandhi family saga will be re-enacted or Beena will outsmart her brother is the million-buck question.



Shotgun's current target
house of elders

SHATRUGHAN Sinha, the old-time Bollywood star who turned a crowd-puller for the BJP, had to see his hopes of chief ministership of Bihar or a Central ministry berth dashed during the NDA regime. Now, he is worried on a new count. His Rajya Sabha tenure is due to expire soon and securing another term currently tops his personal and political agenda. If denied renomination, he knows his isolation within the party will be complete.

There are slim chances of his becoming a nominee from Bihar because his caste, Kayastha, is of little use for the BJP under the present political dispensation. Though party stalwart Yashwant Sinha now officially belongs to Jharkhand, his stakes remain high in Bihar and he will obviously not like someone from his caste becoming a threat to him. Shotgun, knowing all this well enough, approached party president Rajnath Singh and offered his services for the Gujarat polls in order to later

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ILLUSTRATIONS: ARUNA

stake a claim to a Rajya Sabha seat from the state. Singh called Gujarat Chief Minister Narendra Modi and asked if he needed the star's services during electioneering. Thank you very much but no, said Modi. And Shotgun does not know what to do next.

Coal is Murmu's goal

aspiring for ministry

THE yield from Rajmahal coal mine of Eastern Coalfields is vital in meeting fully the requirements of National Thermal Power Corporation's mega plants at Farakka in West Bengal and Kahalgaon in Bihar. To match the expanding capacities of these thermal plants, Eastern Coalfields decided to increase the mine's production capacity and floated a global tender two years ago but did not receive any acceptable bid. It then outsourced coal transportation to private contractors. When work began in full swing, the inevitable followed. The local Jharkhand Mukti Morcha MP, Hemlal Murmu, stepped in and stopped the work on the grounds that the outsourcing took away jobs from the local people. Both coal production and transportation were severely affected.

Murmu was on the Parliamentary Committee for coal when JMM president Shibu Soren was Union Coal Minister before resigning owing to his involvement in a murder case.

Eventually, Murmu yielded and the private transporters are back in business. The word in the coal ministry is that he has allowed them to operate in return for a share of the profits. And now that Soren has been acquitted of the murder charge by the High Court, Murmu is hopeful of securing the coal portfolio as a Soren nominee in the next Cabinet reshuffle. g

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In the brouhaha over the proposed amendment, the babus are being painted black unfairly

Much ado

by PRABHAT KUMAR

I WAS a babu, but am no longer one. Having spent about four decades in the corridors of government, I may have become a little insensitive, but certainly not anti-national. I too believe in an ideal state of governance, in the rule of law. In that pursuit, I have joined the IC Centre for Governance, a humble non-governmental organization that endeavours to work towards improving public governance.

The heroes of the Right to Information (RTI) initiative, who are close to attaining sainthood, are up in arms against the government's decision to amend the RTI Act, 2005. It is immaterial that the Act was conceived, drafted and piloted in Parliament by two successive coalitions diametrically opposed to each other. All the major political parties are shareholders in the process of empowering the people with RTI. It may be recalled that the Freedom of Information Bill was drafted at the level of bureaucrats in 1999-2000. It was discussed threadbare in the Committee of Secretaries chaired by the Cabinet Secretary. The officials expressed different views and a draft was put up for consideration by a group of ministers headed by the Home Minister. I do not recollect any pressure from or agitation by social activists that might have prompted the government to bring about legislation on the right to information. It would, therefore, be presumptuous for a certain activist to claim to being "the architect" of RTI. The fact is, it was felt by the people running the government that the time had come for introducing greater transparency in its functioning. It was an idea whose time had come.

The heroes are now on the warpath regarding the proposed amendment to keep the notings on files in some sensitive matters out of the purview of the RTI Act. The situation has arisen allegedly because of the anxiety of some NGOs and their leaders to examine the acts of the Central Government in selection, appointment, posting and transfer of senior bureaucrats. It is mentioned in the press note and memoranda of the National Campaign for People's Right To Information that "…If file notings are exempted, it is a sure method of obfuscating the existence of arbitrariness in the decision-making process, which enables fixing accountability on specific officers. It will encourage corrupt and arbitrary practices and be a sure way to kill the spirit of the Act…."

In this context, it is also interesting to quote the activists:

"…The trail of responsibility and accountability is what the babus do not want disclosed…. Although the Cabinet decision came without a warning, it has been part of a design. This is revealed by a close examination of the consistent extra-legal efforts of the bureaucracy to keep file notings opaque. Right through, from the period of the formulation of the Right to Information Acts at the Centre and in the states, the bureaucracy steadfastly fought against allowing access to file notings…."

Bright young men and women make an attempt to join the civil services and many unsuccessful candidates turn into critics of civil servants

In their speeches and verbal statements, these heroes have been more eloquent about the conspiracy of the civil servants. Incidentally, they have not criticized the politicians on this count. They have praised them for removing the earlier deficiencies through the parliamentary process.

The discredited serving babus cannot talk back. They are prevented from joining issues in the public domain because (a) service conduct rules prohibiting them from expressing their views in public have not yet been brought in synchronization with the RTI Act (b) they run the risk of being reprimanded and penalized by the overbearing members of

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over RTI

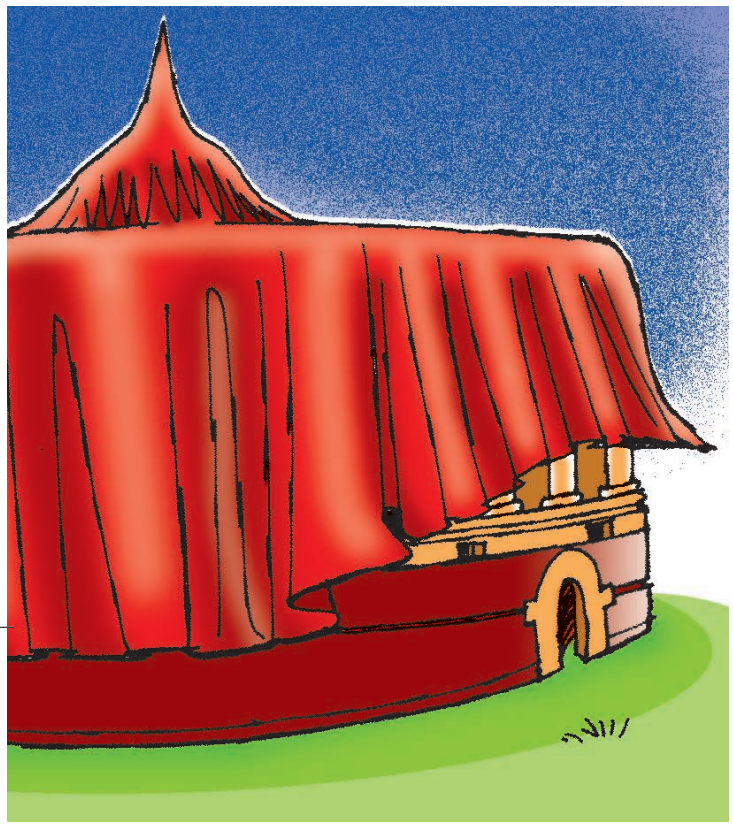

ILLUSTRATION: ARUNA

Whether file notings be made public should be decided after taking into account all aspects. Highest consideration should be national interest

the political executive who are the real bosses (c) they are obviously at a severe disadvantage when it comes to the media which is avowedly anti-civil services for reasons of its own and (d) they are aware that the political executive is the ultimate arbiter of what will prevail and there is no point in voicing one's personal views in public on contentious subjects.

It is, however, an admitted fact that most bright young men and women make an attempt to join the civil services and many of the unsuccessful candidates turn into critics of civil servants.

At a recent felicitation function for a Magsaysay awardee – who is also spearheading the RTI movement in Delhi – I saw speaker after speaker attacking the babus for their nefarious attempts to kill the Act. One of them shouted full-throated, "*Hum ladenge* (we will fight)" to thunderous response from the audience, and "*Hum jeetenge* (we will be victorious)."

There was no discussion. It was the fiat of the leaders. They spoke very well, appealed to the emotions of their followers. The audience hailed them. There was no room for dissent. They spoke like political leaders.

If they blame the babus for trying to destroy the RTI Act by drafting the amendment Bill and managing to get it approved by the Union Cabinet, surely the same babus must be credited with drafting the Freedom of Information Bill way back in 1999 in the first place. Curiously, the heroes claim that credit themselves and accept the applause with great humility. These champions are gaining all the glory of being honoured with prestigious awards – which they disdain, saying they are more of a headache than honour.

They are a clever lot, as they know they can get away with condemning civil servants. Criticizing the political bosses, without whose approval no significant decision can be taken, may boomerang against their cause. So driving a wedge between the lawmakers and the babus is the best policy.

Be that as it may, the point is whether creating an area of conflict is going to be conducive to good governance. If one believes the heroes, the Cabinet Secretary is guilty of extra-legal activities. So are the Secretary of the Department of Personnel and all the Secretary-level officers of various ministries represented on the Committee of Secretaries. The moot question is whether condemning the entire bureaucracy is a healthy trend for RTI. They blow hot and cold. When the Central Information Commissioner gives a ruling against them in appeal, he becomes an incompetent retired civil servant to be publicly humiliated. When he gives an order in their favour, he turns into a god. They do not realize that it is also an accusation against the Prime Minister and members of the Union Cabinet that they are not in control of the situation. They seem to say that whatever happens in government, whether good or bad, is because of the corrupt babus,

PR Dasmunshi, when queried about the "draconian" Broadcast Bill, conveniently shifted the blame to the babus, saying it was merely a draft prepared by the minions and political approval was yet to be taken. He called a meeting with media barons and allayed their fears by saying the "draconian" clauses would be suitably toned down. This is the reality of our system of governance.

I have not gone into the merits or demerits of the proposed amendment nor do I intend to take sides on the issue. Suffice it to say that in principle I believe in total transparency in governance. But whether file notings ought to be made public should, in my opinion, be decided after taking into account all aspects of the issue including its desirability and practicality. The highest consideration should, however, be national interest. It would be more prudent if the matter were not decided on emotions alone. g

(The writer is a former Cabinet Secretary)

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D-D—ouble-Digit D-D—Development–for whom?

Leaders of the civil service should think twice before jumping onto the politically correct GDP bandwagon

by MG DEVASAHAYAM

THE Formidable Foursome – Manmohan Singh, P Chidambaram, Montek Singh Ahluwalia and C Rangarajan – are firm believers in the "GDP growth-trickle-down" philosophy. Based on this belief, Rangarajan has said: "With a 9 per cent GDP growth, under the very conservative assumption, the economy will reach a level where the workforce will match the labour force within a short period" – thus eliminating unemployment in the country.

Finance Minister Chidambaram has given a number – 10 years – to this "short period". The International Monetary Fund (IMF) has endorsed this approach: "India's growth has been impressive – 9.7 per cent in 2006, 8.9 per cent in 2007 and we are viewing at 8.4 per cent in 2008. That is really an impressive growth pattern."

The ground reality is that this "impressive growth pattern" is spawning inequitable and jobless, indeed job-loss, growth. In fact, it has created three Indias. One that has Asia's wealthiest elite comprising the world's fourth largest number of dollar billionaires and arguably the richest! The other India is one of the world's poorest countries with the *aam aadmi* comprising 700 million people, most of whom are unemployed or underemployed, living on Rs 20 or less a day! In between is the burgeoning middle class and wannabes!

Chidambaram now wants "double-digit development" and all obstacles to this removed: "It is not politically correct to talk about ideology today. It is ideology which is holding us back in doing the things which have to be done in order to accelerate the growth. I want to see 10 per cent growth before the tenure of this government ends in the financial year 2008-09. That is possible if we can put ideology aside."

Mumbai's Dharavi slum: unrelenting poverty

Alleviating poverty through growth 'with a human face' is to be cast aside to achieve this 'double-digit development'

As rightly observed by Ashok Parthasarathi, this is a "copycat" version of the resource-guzzling "growth" model of the highly industrialized countries, which is unsustainable in Indian conditions. Yet, Ahluwalia rationalizes this in support of the middle class and "the upward mobility of their children".

According to the Washington-based International Food Policy Research Institute's Global Hunger Index, India belongs to the bottom fourth of the world's nations, with a rank of 94 (among 118 countries). This score is even lower than India's dismal Human Development Index rank (126 of 177 countries). One reason for this abysmal state of affairs is that almost one-half of India's children are malnourished and underweight. This brings out the depth and pervasiveness of poverty in India and the absence of livelihood security for its miserable millions. The simmering societal conflict manifested in the growing Naxalite movement is only to be expected!

Alleviating this pathetic poverty through growth "with a human face" is the "ideology" of the UPA government, which is to be cast aside to achieve "double-digit development". Is this the new agenda of the *aam aadmi* government? It is for Prime Minister Manmohan Singh to answer this vexing question!

Nevertheless, with senior civil servants like Yogendra Narain favouring GDP-linked salary growth, it is no wonder that IAS mandarins have jumped onto this bandwagon. Claiming credit for the "impressive GDP growth", they stand ready to fulfil the Finance Minister's dream of achieving "double-digit development" provided they are given "parity of pay and perks" with the private sector. The IAS certainly seems to be on an odd tangent! g

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'We are trying to change Indian perceptions about Argentine markets'

Recently appointed India's Ambassador to Argentina, R Viswanathan joined the Indian Foreign Service in 1977. An expert on Latin America, he has earlier had stints in Mexico, Brazil and Venezuela, among other places, in a career spanning three decades. He was, until recently, Joint Secretary in the Ministry of External Affairs. He will also be accredited to Uruguay and Paraguay with residence in Buenos Aires. Viswanathan is an author, blogger and a keen golfer. He was interviewed by ***Sumit Bothra*** *in Chennai just before leaving for Argentina.*

gfiles: *Congratulations on being appointed the next Indian Ambassador to Argentina. You have been posted in Latin America earlier and have also been heading the LAC Division in the Ministry of External Affairs. How have Indo-Argentine relations been in the past?*

R Viswanathan: In the past our relations did not progress because of the Argentine debt crisis. In 2001 the Argentine market had gone down. But now, ever since the recovery of Argentine markets in 2003, trade has picked up with imports and exports as well as investments and joint ventures. Now the prognosis is that the Argentine market has stabilized and will be growing in years to come. So I see a lot of scope for further increase in our trade and investments.

gfiles: *What role do you envisage for Argentina in India's foreign policy with reference to Latin America?*

RV: Argentina is the third largest country, power and market in Latin America. We are engaged in the process of making friends and partners in Latin markets. We have already done so in Brazil and Mexico and logically the next market is Argentina.

gfiles: *Is there any specific advice for Indian businessmen?*

RV: Well, I invite them to participate in the exclusive Indian trade fair, the largest that we are organizing in Buenos Aires, over March 26-29, 2008. This will be a great opportunity to see the market for themselves and to promote their products.

gfiles: *Does India have any cultural ties with Argentina? How do you plan to encourage cultural ties and promote Indian culture in Argentina?*

RV: Sure, cultural relations, people to people contact, and promotions are a part of our diplomacy. In Argentina there is respect and regard for Indian culture. In general there are a lot of followers of Sai Baba, the Radha Soamis, the Brahma Kumaris and so on. We have also been sending a lot of cultural troupes to Latin America to perform classical music and dance. We would like to do this regularly and also invite Argentine groups like tango groups to India. We would also like to promote contact between universities, other educational institutions and think tanks.

gfiles: *Is sports part of this agenda?*

RV: Yes. Argentinians play football, polo and golf. There is scope for cooperation in sports.

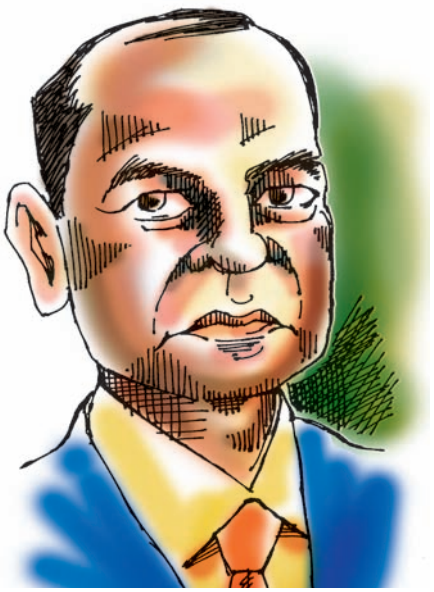

ILLUSTRATION: ARUNA

'We are engaged in making friends and partners in Latin markets. We have already done so in Brazil and Mexico and logically the next market is Argentina'

gfiles: *Argentina has developed nuclear technology for medical use. Do you foresee renewed cooperation with Argentina in technology?*

RV: Once the issue of the nuclear deal is solved and we get the exemption from IAEA and the nuclear suppliers group, this will follow.

gfiles: *How can Indo-Argentine trade and commerce flourish further? During your tenure as ambassador, can we expect Argentina to emerge as a preferred trading partner?*

RV: We already have a preferred trade agreement with MERCOSUR of which Argentina is a part. But this is an underexplored market, unlike Brazil and Mexico – with whom our companies are more familiar. Argentina has not been explored because of the past history. Now we are trying to change the perceptions of Indians about the Argentine markets and we expect a lot of growth.

gfiles: *Have you thought of any particular theme for your tenure in Argentina?*

RV: Economic diplomacy to promote business between the two countries is my priority. g

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To his detractors, Modi is evil gift-wrapped in Hindutva garb

The GOOD, BAD and UGLY

by RENU MITTAL

unpredictable...

Before 2001, Narendra Modi was just another politician, hanging out in Delhi and awaiting his big break. That finally came in 2001, when the BJP leadership decided to send him to Gujarat as CM. Just three days before he went, an Ahmedabad journalist phoned to ask when he was arriving. There was no way he was going to Gujarat as CM, Modi said. No one could assure the BJP's victory, not even God, he quipped.

unpardonable...

After taking over as CM, he said, "I have not come here to play a Test match but a one-day match. And to win it I have 12,000 hours." Assembly elections were slated for 2002 and the countdown had begun. Godhra came as a godsend. Some of the second-rung leaders in the Gujarat BJP are convinced that if Godhra had not happened, Modi would have found some other technique to polarize the Hindu vote. Godhra earned Modi the mass murderer appellation but it also helped him win 127 of the 182 seats. He had wrought what God could not have.

unscrupulous...

Modi saw to the ouster of Sanjay Joshi, the RSS' in-charge of Gujarat. A sex video involving Joshi was the last nail in the coffin. The meeting of half-clad sadhus on the eve of the Narmada water event challenged the might of the VHP. The sadhus declared Modi taller than the tallest of the VHP bosses. The farmers' wing of the RSS, the Kisan Sangh, was ploughed underfoot. The Patel lobby is tottering under heavyweight Keshubhai. Modi was the first to reach the doyen of the Patels when his wife died in an accident.

After getting some of the antisocial elements out of the way in encounter killings, Modi is a free man but his officers are under the scanner. He had carefully chosen RSS men to do the dirty job, it is believed. Even after three-and-a-half years, a Congress-led government at the Centre continues to gawp at Modi, unable to bring him to book or even file one criminal case against him. A day before Sonia Gandhi was to visit Gujarat, Modi got a couple of Congressmen to defect to the BJP.

performer...

He is now donning a new cap. Modi's image is of a man who has taught the Gujaratis to count money! Now, once again it is election time and Modi's strategy is to dump his image of a Hindutva icon and highlight the *vikas purush* in him. The focus on a resurgent and vibrant Gujarat is set to cleanse all his sins of commission and omission and catapult him to success again.

coward...

He sat through a recent television interview for just 240 seconds. Asked about his image as a "mass murderer", on the basis of the Supreme Court strictures against his government and transfer of the Gujarat riot-related cases out of the state, he left in a huff. He flares at criticism.

schemer...

He has proved to be a master schemer and manipulator who plotted to come to power in the state, and has the BJP central leadership on a tight leash. The Gujarat BJP is a house divided. All the friends on whose shoulders he rode to power have gone missing! Those who survived have turned against him. Gordhan Jharapia, who was Home Minister during the riots but is now the chief dissident, says Modi is a Hitlerian administrator. BJP MLAs have complained that they are not free to speak in the Assembly. During Question Hour they are believed to have been asked to sign blank forms, while the questions and the

The Rise of the Modi Reich

The rise of Narendra Modi was phenomenal. No one in his family was close to politics. He never belonged to the ruling class, caste, clan, or party. He is part of the RSS movement, which despises democracy and loves to loathe politics.

Modi was a sharp and observant RSS pracharak full of ambition. He was always well-informed and a few notches above the rest of his tribe. Had he not strayed into politics, in all likelihood he would have been the top man in the RSS. Ironically, the only person who could come close to him in comparison was his *bete noire*, the late Pramod Mahajan. But they were peaceful contemporaries.

Modi hoodwinked his RSS bosses and sneaked his way into politics courtesy Lal Krishna Advani (who brought in almost every single youth and the present second-rung leadership in the BJP). It is another story that none of them remained faithful to him during the NDA rule. Modi also knew which side of his

FOTOS4INDIA

answers were provided by Modi's henchmen. To his detractors, Modi is evil gift-wrapped in Hindutva garb. The party's central leadership is too weak to unwrap him.

fraudster...

The main charge against Modi is that he is playing into the hands of big industrial houses. He counts these industrialists as close friends and advisers. His critics allege he is buying Rs 22,000 crore worth of electricity from private companies instead of working to increase the state's capacity. Gujarat is paying Rs 5.30 per unit instead of the Rs 1.67 it would be paying the central grid. The state's debt has increased from Rs 32,000 crore to Rs 90,000 crore; 80,000 smallscale units have shut down; 8 lakh workers have lost their jobs; farmer suicides are rampant and the Assembly records show that every day 12 people commit suicide due to economic reasons. Caring two hoots for the demands of party workers, Modi has not appointed a single one of them to the 42 boards and corporations in the state whose turnover is a cool Rs 60,000 crore. The panels are stuffed with bureaucrats with whom Modi deals directly. Modi's propaganda machinery is so good that he has earned praise, awards and rewards from civil society for Gujarat being the number one state in development, and for attracting investments and funds.

split personality...

Modi is perceived as a loner who enjoys the good things of life, has a very comfortable lifestyle, and is fond of the company of women. One Jashodaben, whom he is said to have married long ago, lives in her North Gujarat village where she is a primary school teacher. By all accounts, Modi has not lived with her for even a day but neither has he officially divorced her! After he became Chief Minister, a Gujarati weekly, *Abhayam*, interviewed her. She reportedly commented, "How does it matter whether he becomes the Chief Minister or the Prime Minister, my life will be the same and I will continue to live here." Characteristically, Modi twisted the comment and remarked, "See, she believes I can become the Prime Minister." However, she is now guarded by a number of plainclothes men and no mediaperson can meet her.

one-man team...

Though he seems to depend on the bureaucrats, Modi is brusque with them. Even Secretary-level officers are not asked to sit when they are called into his chamber. Former CM and hardcore camp follower of the RSS Shankar Singh Vaghela was so disgusted with Modi and the BJP that he joined the Congress. Another former party CM, Keshubhai Patel, declares, "My one-point agenda is to see this Hitler out." Other BJP leaders are also on the warpath. The BJP central leadership is caught in a bind. If Modi wins, he takes the cake with all the icing on it. If he loses, the party goes down like Humpty-Dumpty. If Modi the Hindutva icon wins, his claim to lead the party at the Centre strengthens. If Modi the *vikas purush* wins, his stranglehold on the coffers of the party tightens. Even as the fear psychosis leitmotif runs through Modi's political career, the reluctance of political parties, media organizations and the bulk of civil society to take him on after the riots have encouraged the man to regard himself as a potential Prime Minister and the future saviour of the nation and its Hindu population. g

bread was buttered. He took no time to switch sides. At a time when the BJP was nowhere near power, Modi brought the party close to power in Himachal Pradesh. He used all the tricks of the trade with scant regard for scruples, the core principle of his mother outfit – the RSS.

Gujarat was a natural choice for Modi. Unlike Vajpayee or Advani, Modi was not a national figure. But he used this shortcoming to his full advantage. Once he decided his move, he set his sights on the impediments in his way. He got Shankar Singh Vaghela out of the way, tamed Haren Pandya, displaced all RSS full-timers who took orders from Nagpur, discredited Keshubhai Patel, and befriended the moneybags among the Patels (cutting off the lifeline of his adversaries). Modi would have easily won any war for India had he been the Army chief.

Today Narendrabhai has grown too large for his Gujarati shoes. He is eying the Centre. If the past is any indicator, there is no one who can stop him now, except of course his own follies, which he is sure to commit. — *Anil Tyagi*

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You've gotta be a

In order to get to the top you have to move your managers and workers into

THE 1980s posed a unique challenge for us. Infosys, with revenues then of about Rs 5 crore, and 200 employees – was a small, relatively unknown company. And suddenly we were faced with the prospect of global competition. It was a bit scary. In this Brave New World, an IBM, a Motorola, an HP could now establish a large presence in India and recruit the best brains from any campus. Who then would come to work for this small, unknown company called Infosys? A debate raged within our company. Should we throw in the towel or should we try and walk with the giants? Our founder, NR Narayana Murthy, decided to take the plunge. We would compete with the biggest companies and create something globally competitive.

That decision dramatically changed our mindset. It also led to a calibrated management call to action. In order to reposition ourselves strategically, managerially, competitively, we undertook a sectionalized revamp aimed at improving every aspect of the company in order to launch it into the global arena – finances, infrastructure, quality control, human resources, information systems, technology implementation, global best practices, increased capitalization.

Setting up a world-class infrastructure in order to give the big boys a run for their money needed a massive infusion of new capital. There was only one way to go. Go public. We did this in February of 1993. Until June of 1992 the government – the controller of capital issues – fixed the share price of a private company embarking on a public issue. Mercifully, that system was abolished just before we went on the stock market. We, therefore, were among the first companies to do what is called market pricing, based on what we believe is a true share value rather than have a New Delhi bureaucrat decide what it should be. Fortuitously, this was also a time when global investors started coming into the Indian stock market as Foreign Institutional Investors (FIIs).

In order to build global investor confidence in Infosys we benchmarked corporate ideals to international standards in areas such as corporate governance, shareholder disclosure, balance sheet analysis. The company, we believed, should be both ethically and financially strong. Our initial goal was to take our Rs 5-crore Hindu-rate-of-growth company to at least Rs 50 crore by 1995. We beat our own target hollow. Encouraged, we set our sights even higher and set a target of $100 million by the turn of the century. We beat that target, too. The next decision was only the logical step forward. If we were to be truly global we had to be listed abroad. This not only gives a company easier access to global capital but

In order to build global investor confidence in Infosys we benchmarked corporate ideals to international standards in areas such as corporate governance, shareholder disclosure, balance sheet analysis

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MOUNTAINEER

greater levels of challenge, creativity, and the motivation to scale new heights

Setting a target by itself is not enough. When you approach your target you have to set a new target. If you do not, you become complacent. You tend to just sit back and rest on your laurels

also makes you rise to the demand of running your company according to international standards.

Around 1997-end we decided to list the company in North America. Until then, Indian companies were listing in the European countries on the GDR market. No Indian company had listed on the ADR market. We became the first Indian company to list on ADR in the NASDAQ in March of 1999. We had to spend two years in making sure that the laws in India and the laws in the US made it possible for us to do so. We had to make sure the financial accounting standards in India and the US were reconciled.

WE didn't stop there. We decided to climb another mountain – a billion-dollar mountain. By 1999 our revenues had climbed to $121 million. In March 2004 – five years later – Infosys joined the billion dollar club. For me personally, and for the company, this entire period of globalization has been a learning curve. It is critical that you define high standards and high goals. Nothing less will do. Setting a target by itself is not enough. When you approach your target you have to set a new target. If you do not, you become complacent. You tend to just sit back and rest on your laurels. In this way, you fail to achieve your true potential and fail to realize what new adventures lie ahead in the exciting field of your business. Setting new targets is also the way to move your managers and workers into greater levels of challenge, creativity and motivation.

My definition of being globally competitive, therefore, is always having ambitions that are much larger than you are. But ambition must be tempered with the art of the possible. I am personally convinced that more and more Indian companies are today poised on the brink of becoming global players. In our industry we had to go global very early in the game because we did not really have a market in India for our services. Today, the $16-billion Indian IT and BPO services have a universally acknowledged global reputation. NASCOM predicts this figure will reach about $50 billion by the end of the decade. Across the world people have accepted the quality of India's intellectual and human capital and its massive contribution to the knowledge industry. Indian companies are rapidly learning that becoming globally competitive means creating products and bringing value to your customer, running companies in an efficient manner and making sure there is a continuous improvement cycle. g

(Exclusively adapted from a closed-door interaction with government employees.)

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Heed the warning or perish

by RAMESH MENON

IF there is no violence, it cannot hit the front pages. And so, ironically, most of the media ignored a recent march by about 25,000 poor and marginalized people who trudged over 340 km to Delhi to demand justice. In six decades of independence, this was the first time so many people showed the power of disciplined, silent satyagraha. The sea of humanity marched to demand right to life and dignity that comes through access of natural resources and their equitable distribution. Their platform, Janadesh-2007, sought land reforms, strengthening of pro-poor laws, fast-track courts to settle land disputes and a single window system for resolving land issues easily. Something that India's politicians, policymakers and bureaucrats need to listen to urgently.

Another irony was that the march began on October 2, Gandhi's birthday. After marching silently for almost a month, they converged on Delhi. It was a sight to see. The poor marchers had an inexplicable sense of determination writ all over. The reality of their lives was what gave them the courage. They were asking for land reforms, human rights, dignity to life and a fair deal in independent India.

If the government was quick to act, it was with good reason. The writing on the wall was clear: the movement could snowball into an all-India agitation. PV Rajagopal, president of the Ekta Parishad that organized the march, said it all: "Between silence and violence, there is active non-violence." Union Rural Development Minister Raghuvansh Prasad Singh hastily assured the protesters that a committee would be formed in four weeks to examine land reforms and a national land reforms council headed by the Prime Minister would be set up. It was a victory for each of the marchers who had umpteen stories of how they were shortchanged by rich landlords and were marginalized as natural resources were out of their reach.

Today, erosion of land rights in rural India is a major issue. There are rich landlords usurping the land of the poor, land mafia at work, loan sharks taking over land from the poor who cannot pay the high interest rates and poverty making many *adivasi*s landless.

So they live in dire poverty and often go hungry while foodgrain godowns are overflowing. As grain is stored in the open, a large quantity rots or is just eaten away by rats. But, across the country, many go to bed hungry every day. Without land, it is difficult for these tribals and rural poor to meet basic needs.

For decades, state support to agriculture was punctuated with power and fertilizer subsidies. Politicians forced the bureaucracy to adopt this policy to see the vote bank swell. But this has largely benefited big farmers who are today politically empowered because of their clout. In the process, millions of small farmers have ended up landless and become migrant labour in urban India. Many of them have lost their land to projects belonging to the state as well as industry with little or no compensation.

In India, 70 per cent of people depend on agriculture to stay alive. According to Rajagopal, 40 per cent of Indians are landless and 23 per cent live in abject poverty. For policymakers, the signs of the times are too stark to be missed: Maoist activity, often of a very violent nature, pockmarks 172 of India's 600 districts. Then there are thousands of farmers committing suicide in as many as 100 other districts. In the last decade, nearly 1.5 lakh farmers killed themselves. On an average, one Indian farmer committed suicide every 30 minutes.

Economic progress will have no meaning in rural India if land issues are not tackled soon as there is anger brewing. Violent anti-state protests are increasing all over the country as the poor feel threatened by their livelihoods shrinking. That is precisely why a non-violent protest of this proportion needs to be taken seriously and addressed. Finance Minister P. Chidambaram has pointed out that agriculture provides bread and butter to more than half of India. Hopefully, we may see a sign of that in the coming Budget.

Just land reform and redistribution may not be the answer. A full-fledged strategy to empower rural Indians with vocational skills seems increasingly necessary as India marches ahead

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RURAL INDIA

Land reforms plus vocational skills is the answer to ameliorating the misery of the agricultural poor

Economic progress will have no meaning in rural India if land issues are not tackled soon as there is anger brewing. Violent anti-state protests are increasing all over the country

The government has acted fast in promising a look at land reforms. But it must now walk the talk. If it is serious it has to have a plan of action which should:

- Document land lost by tribals to moneylenders and others.
- Restore the lost land to them.
- Establish fast-track courts to deal with land-grabbing cases.
- Allow the government to take over land of the poor only with the community's nod.
- Enforce the law on those who evict the poor from their land.
- Keep an eagle eye over powerful real estate hawks out to grab every piece of land, especially of the poor and powerless.
- Identify surplus land that can be redistributed exactly the way Acharya Vinoba Bhave did in the Bhoodan movement about 55 years ago.

But just land reform and redistribution may not be the answer. A full-fledged strategy to empower rural Indians with vocational skills seems increasingly necessary as India marches ahead into a global horizon. Jobs and small business enterprises can help many a poor rural family far more than farming that has become very unsustainable because of costs and degraded land.

Though it involves a lot of work, there is no option but to act to resolve the issue. Otherwise, the anger of rural India that is increasingly evident will spill over and take a turn that few of us are at present able to imagine. g

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ONE size does not fit ALL

The era of the nation-state is over and the role and work of governments has consequently altered

IN the aftermath of decolonization, following World War II, the nature and the character of the state itself has evolved and undergone important transformation. The post-colonial state, with its many national, ethnic, religious, linguistic and cultural groups, does not fit the mould of the nation-states as they first emerged in northwestern Europe. Many of the new states are not nation-states but rather multi-national, multi-lingual, multi-ethnic and multi-religious entities; and a popular consensus on what is 'national' is yet to develop fully. One size clearly does not fit all.

Consequently, the government's ability to formulate national laws or policies is greatly circumscribed by the fact that they are likely to have differential impact on the diverse sections of society. Not surprisingly, each group seeks to preserve its own special interests and often makes demands on the government that may be at variance or even in conflict with the demands of another group. The diversity and multicultural composition of our societies also means that government policies can no longer be implemented through federal edict or fiat but must be mediated by citizens and interest groups.

The expectations of the citizens too have changed. They no longer accept the state as doing things for them. Rather, they want governments to enable them to manage their own affairs. An awakened and empowered citizenry considers the business of governance too important to be left to the government. Free and easy flow of information means that citizens no longer depend on the government as a source of information. Censorship, the most potent instrument of tyrants, is obsolete and the growth of an informed public has increased the pressures on governments to be more transparent.

At the same time the gap between the rulers and the ruled has widened with no signs of that divide being bridged. The two may live in the same country but often they traverse in different universes. Between elections the citizens are consigned to hibernation. The elected leaders largely cease to be accountable to the voters. The influence of campaign finance, special interest groups and the dominance of big business further constrains the freedom of action of the elected representatives. The gradual but persistent roll-back of the welfare state, the onslaught on affirmative action, and influence of campaign finance in determining the outcome of the election results shook the faith of the liberals in the government's role as the guarantor of social justice.

The economic well-being of the citizens still remains a responsibility of the government but with economic liberalization that role of governments in managing the economic life of their citizens has diminished. Governments are moving away from their earlier role as operators and managers of the economy to becoming the regulator, facilitator and enabler. It is obvious that many of the functions that were once provided by the government can now be left to the market or private entrepreneurs or to the civil society public service providers.

The escalating cost of the government also emerged as a major source of popular concern. The ever-bloating bureaucracy had got out of control and was using a large proportion of the tax revenue merely to keep itself in place. In the three decades after World War II, taxation increased significantly – in large part to rebuild the war-shattered economy but also to create a welfare state so as to "build a home fit for heroes" returning from war. But in the last quarter of the century there has been a popular revolt against high taxation. Taxation has become a dirty word in the electioneering lexicon. No party can hope to win an election on a platform that proposes higher taxation. While citizens from all spectrums of politics wanted to rein in the runaway cost of government, there was no consensus on where the cuts would be imposed. The conservatives attacked the spending on welfare and demanded a reduction in the taxes; and the liberals, while also opposing tax hikes, did not at the same time want cuts that would risk the welfare state. The dilemma for the government was real: how to provide better and more extensive services with diminished resources. The government would have to do more with less. g

(gowher_rizvi@harvard.edu)

Diverse societies alter government's role

The diversity and multicultural composition of our societies means government policies can no longer be implemented through federal edict or fiat but must be mediated by citizens and interest groups

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The studious child prodigy

The student who ranked second in the 1968 IAS exam recalls CMs, Governors and memorable assignments

ALLAHABAD is my home town, where my father, HCP Tripathi, was an advocate who later became a judge. I vividly recall a teacher coming to our house to tutor my elder brother and sister. I would sit alongside and began to pick up his lessons. The teacher was amazed and gave me a test. I was only six years old but he cleared me for admission to Class VI. Thus, having skipped five classes at the outset, I ended up topping the MSc examination at 17. I had taken physics with specialization in electronics. I became a teacher in Allahabad University at the age of 18 and my students were older than me.

In 1967, I could not foresee many prospects in my field in India and wanted to go to the US for further studies. But my parents were averse to it. So, at the age of 21, I appeared for the 1968 IAS examination and was ranked second. Yogendra Narain, Prabhat Kumar and BK Chaturvedi were my seniors in Allahabad University.

I had an inclination for study and after MSc I got an LLB degree. Whenever I joined a new department or ministry, I would habitually probe and learn about the department from top to bottom.

My first posting was as Sub-Divisional Magistrate of Lucknow. In those days, young officers were traditionally posted in hill districts and I was sent to Almora as Collector and District Magistrate. I was there from 1974 to 1976. The most important assignment of my life was to successfully organize the Mahakumbh Mela of Allahabad in 1976-77 as its officer-in-charge. This gigantic task had to be completed within 45 days. Arrangements had to be made for the stay, bathing and passage of about 3 crore people. On any single day, for 15 days, about 50 lakh people camped at the *mela* site. A total of a crore and 32 lakh people participated in that Kumbh.

I worked with many Chief Ministers from different political parties: CB Gupta, Charan Singh, TN Singh, Kamlapati Tripathi, HN Bahuguna, VP Singh, Sripati Mishra, Vir Bhadra Singh, ND Tiwari and Kalyan Singh. All of them were stalwarts. Things went nicely as regards governance of the state till the time when Kamlapati Tripathi was Chief Minister. All the Chief Ministers till then were good arbitrators who never let any dispute snowball into controversy or war. Whenever anything went wrong, they summoned everybody and settled the matter.

The scenario changed when Hemwati Nandan Bahuguna took over. He introduced the culture of individualism. He started to build up his own image and always acted in a hurry. VP Singh was a brilliant CM. He was

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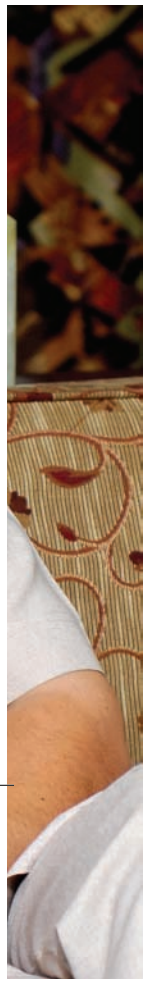

FOTOS4INDIA

The NOIDA brainwave

I was appointed CEO of NOIDA in 1978 to plan and develop it as an integrated industrial township – a satellite of the capital. The Janata Party was ruling in 1978. Sanjay Gandhi, in 1976, had conceived the idea of developing a satellite town from which people would commute to Delhi. The new regime asked the Shah Commission to investigate NOIDA. The UP Chief Minister, Ram Naresh Yadav, told me to wind up the project. The area wore a deserted look without roads and other infrastructure. The government did not have money to pay the salaries of the staff.

I was new to the situation and found it the toughest challenge of my career. I decided to make this project the pride of the state government and a model for other states to imitate amidst all adversity.

The problem was how to develop NOIDA and sell it to potential buyers to mobilize money. Before embarking on any developmental work, I studied the reason nearby Faridabad could not develop despite being close to the capital. I found it was the lack of educational and social facilities that made it a least-preferred destination for people. So I decided to have these facilities in NOIDA before anything else. GP Mukherjee was Vice-Chairman of Delhi Development Authority (DDA). I impressed upon him this aspect. I took a loan from HUDCO, IDBI. As an officer, I enjoyed a *carte blanche* in decision-making.

I adopted the strategy of allotting the land to public schools at Re 1. I came to know that the Chairman of DDA, MN Buch, had refused to give land to Army officers. I contacted the Army Welfare Society in 1979 and offered land. General OP Malhotra was Army chief. I requested him to visit the place. I knew he was a golfer. I put up a tent and made nice arrangements for his visit. While he was enjoying our hospitality, I proposed an 80-acre golf course. He instantly liked the idea and thus Sectors 28, 29 and 37 were sold to the Defence Welfare Society. The general only wanted the file to be cleared the same day for purchase which we ensured gladly. Since then, NOIDA has never looked back. The moment the golf course started developing, people flocked to buy land. With excellent roads, malls, hospitals, NOIDA is now the pride of the state.

Sushil Chandra Tripathi: perceptive insight

known for driving things very hard. He was a solo operator and did not enjoy party backing. He also tried to develop the state.

I rate ND Tiwari the best CM. I have yet to meet a politician more knowledgeable than him. He was averse to risk and was a positive and constructive leader. I consider it a misfortune for the country that he never became Prime Minister. I also worked with Mulayam Singh Yadav and found him to be good to get along with despite being prejudiced against English and an urban lifestyle. Although he carries a lot of baggage, he has remarkable commonsense. Of late, he has changed completely.

Kalyan Singh is endowed with amazing understanding of the people and their problems without being highly educated. He is never ready to compromise with his pride. After the Fifth Pay Commission recommendations, the state was unable to pay the hiked salaries to its employees. The entire government machinery was in a fix. He took a bold decision on his own and the problem was solved. The BJP would have gained a great deal politically if he had stayed on in office.

When VP Singh was Chief Minister, I was Managing Director, UP Industrial Development Corporation from 1982-85. He was reluctant to meet any industrialist individually so we would arrange a meeting in a large hall and exchange ideas and discuss problems.

I also worked as Principal Secretary to three Governors – Moti Lal Vora, Mohd Safi Qureshi and Romesh Bhandari. Vora was very hard working. He used to work till 1 am but get up at 4 am. Though not a visionary, he was simple and honest.

I too had to work very hard with him under President's Rule! g

I rate ND Tiwari the best CM. I have yet to meet a politician more knowledgeable than him. He was averse to risk and was a positive and constructive leader. I consider it a misfortune for the country that he never became Prime Minister

birthdays

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TRACKING

For a complete list of appointments & retirements, see www.indianbuzz.com or www.gfiles.info

KAMLESH SHARMA
The retired 1965-batch IFS officer is the first Indian to be elected Secretary-General of the Commonwealth.

GC NANDA
The 1974-batch IPS officer of the Orissa cadre has been appointed DGP of the state.

SUBHASH JOSHI
The 1976-batch IPS officer of the Uttarakhand cadre is DGP of the state.

ABHIJIT SENGUPTA
The 1972-batch IAS officer of the Karnataka cadre has become Secretary, Culture in the Government of India.

BR KUNDAL
The 1972-batch IAS officer of the Jammu and Kashmir cadre has taken over as Chief Secretary of the state.

BK BEHERA
The 1982-batch IPS officer of the Orissa cadre has been appointed the Police Commissioner of the state.

ROHIT KUMAR SINGH
The 1989-batch IAS officer of the Rajasthan cadre is the new Commissioner & Secretary, Information & Public Relations of the state.

PR RAY
The 1972-batch IAS officer of the West Bengal cadre is the new Principal Secretary, Home in the state.

VIVEK AGNIHOTRI
The 1968-batch IAS officer of the Andhra Pradesh cadre has been appointed Secretary-General of the Rajya Sabha for two years.

ANUP KUMAR SHRIVASTAVA
The 1991-batch IFS officer of the Assam-Meghalaya cadre has become Director in the Ministry of Tribal Affairs, Government of India.

AMITABHA BHATTACHARYA
The 1975-batch IAS officer of the Andhra Pradesh cadre has been appointed Officer on Special Duty to AP Bhavan, New Delhi.

R PRASAD
The 1970-batch IRS officer is the new Chairman of the Central Board of Direct Taxes (CBDT).

PANKAJ SARAN
The 1982-batch IFS officer has been appointed Joint Secretary in the Prime Minister's Office.

GAURI SINGH
The 1987-batch IAS officer of the Madhya Pradesh cadre is now Joint Secretary in the Ministry of New and Renewable Energy, Government of India.

RN SAWANI
The 1977-batch IPS officer of the Tamil Nadu cadre has become chief of the International Cricket Council's Anti-Corruption and Security Unit.

M SHANKAR BIDRI
The 1978-batch IPS officer of the Karnataka cadre is the new intelligence chief of the state.

FOSTERING A BABY DISTRICT

VM Xavier Chrisso Nayagam has become the first Collector of the country's latest district – Ariyalur in Tamil Nadu. Chrisso Nayagam is an IAS officer from the state's 1998 batch and was Secretary, State Election Commission. He was earlier Collector of Namakkal district in Tamil Nadu.

The country's 604th and the state's 31st district has been carved out from Perambalur district and was inaugurated on November 23. It has three taluks and six blocks.

As its first collector, Chrisso Nayagam wants to make a first-hand assessment. "Meeting people and listening to them is an important job function and tool of a Collector," he says. "Perception of needs and actual requirements may vary at times, when a new district comes into being after reorganization of a bigger district. Moreover, the work requirement will be very challenging and the new district will provide opportunity for tremendous dynamism and pro-active scheme and programme implementation."

Moving On: ias and ips officers retiring in December

ASSAM & MEGHALAYA
S Sengupta (1990)
KK Hajarika (1990)

ANDHRA PRADESH
GS Prasad Rao (1997)

GUJARAT
Sanjiv Misra (1972)

MADHYA PRADESH
Uma Kanta Samal (1971)
DS Mathur (1971)
Iqbal Ahmad (1974)

JHARKHAND
Mukhtyar Singh (1976)

JAMMU & KASHMIR
Ajit Kumar (1970)

KERALA
KK Vijayakumar (1976)

KARNATAKA
Kanwar P Singh (1971)

NAGALAND
Paolal Hangsing (1993)

PUNJAB
Karam Singh (1992)

TAMIL NADU
HM Pandey (1971)
R Santhanam (1972)

UTTAR PRADESH
S Ali Azhar Rizvi (1986)
Pritam Singh (1973)

RAJASTHAN
Surendra Kumar (1971)
FC Singh (1974)
Jayanti Lal Modi (1987)
Babu Lal Jaiman (1988)

UT, DELHI
Sanat Kaul (1971)
G Srivastava (1988)

ips

UTTAR PRADESH
Rai Umapat Ray (1974)

TAMIL NADU
P Rajendran (1973)
MC Swamy (1987)

GUJARAT
HR Gehlot (1974)

BIHAR
Ravindra K Singh (1984)

WEST BENGAL
Deb Kumar Gangopadhyay (1988)

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'Our target is 50 crore subscribers by 2010'
PM's Man Friday
'We're throwing out the old system'
'Can India progress without UP progressing?'
'SHAPE UP OR SHIP OUT IS OUR MANTRA'

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Herd mentality a worrisome trend

RECENT times have witnessed a lot of portfolio adjustments happening in both foreign and domestic funds. After the PN episode some of the funds have pruned their portfolios whereas others have been waiting either for a correction or for their registration formalities to complete. With the global financial markets facing a crisis and emerging markets' equities, including those in India, commanding a huge premium compared to developed markets – the fund-managers are in a real dilemma.

Opinion seems to be clearly divided. Those who are committed to these markets are still invested on the premise that whereas these economies are growing at an 8 per cent plus rate, the US is growing at 2 per cent and most other advanced economies at 3-4 per cent. Others feel that since markets like India have become most attractive destinations, it is but natural that they have been getting more connected with global markets and trends, and events across the world now have a decisive influence on the performance of such markets. They cite the current volatility in the markets as a case in point.

Back home, an interesting trend that has emerged in recent times is a big fancy for small and mid cap stocks, especially by retail investors. The trend has two very significant interpretations – and I am not sure which one I should bet on. One is that since large cap and frontline stocks have already had a massive run-up, there is a need to look beyond them. There are a large number of companies belonging to mid and small cap space which are in growth sectors, have excellent managements and are available at very attractive valuations. I was, therefore, not surprised when the small cap index closed above the 10,000 level recently. With the volumes in many small and mid cap stocks also increasing tremendously, the latter's indices have out performed the broader indices.

But what really worries me is the massive run-up in the prices of stocks of unknown, unheard-of companies with dubious managements. Many left-out investors have, out of panic, ignored the fundamentals and entered these stocks out of sheer herd mentality. These stocks are more susceptible to manipulations because of the small size and low public float. However, there are good investment opportunities in small and mid cap segment, provided proper research is done. Buying purely on the basis of rumours (popularly called tips) is a strict no no.

Retail investors are not advised to follow the markets aggressively in an attempt to make big gains by following momentum stocks. Even if they are successful in timing the markets, the cost is likely to be very high in terms of side effects in the form of anxiety and high blood pressure

Also, retail investors are not advised to follow the markets aggressively in an attempt to make big gains by following momentum stocks. Even if they are successful in timing the markets, the cost is likely to be very high in terms of side effects in the form of anxiety and high blood pressure. Moreover, entire gains may wipe out in a matter of a few trading sessions when the market sentiment changes suddenly.

Choosing stocks carefully, that too at an index of around 20,000, requires a very careful and cautious approach. The choice should be heavily guarded more against the downside than for getting quick upsides.

Nahar Industrial Enterprises (CMP Rs 88)

This Ludhiana-based company was incorporated in 1983 as Oswal Fats & Oils Ltd & changed its name in 1994. The company is an integrated textile manufacturer engaged in spinning, weaving and processing ready-made woven garments in India, besides having interests in sugar and steel. Though the financial results for Q2 were not encouraging due to commitment of expenditure on its new retail venture, the stock is still available at a PE of 6.6 to its trailing 12-month EPS of Rs 13.50. Despite the textile sector being completely out of favour, the stocks in retail space such as Pantaloon, Koutons, Vishal Retails are commanding a huge premium in the market with mind-boggling discounts given to them with a PE ratio of 90, 64 and 60, respectively.

Its fully owned subsidiary, Nahar Retail Limited, has about 200 outlets across the country and is fast expanding its network with a well established brand by the name of Cotton County. The company is in for a major expansion of its textile facilities and is in the process of setting up a 54-MW power plant besides making forays into the real estate sector by developing surplus land in Ludhiana for residential and commercial purposes. An investment in the stock with 6 months to a year's time horizon can give decent returns. g

The author has limited exposure to the stocks recommended with a long-term perspective. gfiles does not accept responsibility for investment decisions by readers of this column. Investment-related queries may be sent to gfilesindia@gmail.com with Dr Sood's name in the subject line.

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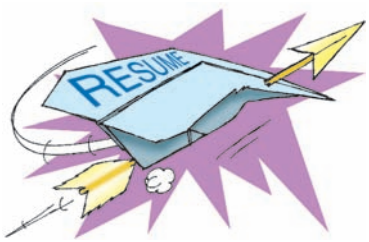
Merit gets the boot at NABARD

THE stage for the drama over the appointment of the next Chairman of the National Bank for Agriculture and Rural Development (NABARD) has shifted from the Reserve Bank of India (RBI) to the Finance Ministry in North Block. The open war of words between current Chairman YSP Thorat and Managing Director KG Karmakar has given enough reason to North Block mandarins to stealthily induct an IAS officer into the top post, thus grossly neglecting competent bankers.



Thorat retires on November 30, and the RBI advertised the vacancy in July this year. Over 200 candidates applied but only four – Karmakar, two Executive Directors of NABARD, and the Chairman and Managing Director of National Housing Bank, V Sridhar – were shortlisted and interviewed on October 1 by a panel headed by RBI Governor YV Reddy. All the candidates were rejected by the panel and a new committee was then formed to suggest suitable names. This raises questions about the motives of the panel as Karmakar is NABARD's seniormost banker and Sridhar is also reputed in banking.

The story goes that Thorat wanted an extension, which is not possible under NABARD rules. Then, nursing ill will against Karmakar, he decided to stall the latter's selection by any means. He apparently influenced Reddy against Karmakar. Further, his complaint reached the Finance Ministry. The ministry then advised the panel to reject all the candidates and find a suitable name through a new committee. This latter body had a powerful Joint Secretary of the Finance Ministry, Amitabh Verma.

Sources say a verbal message went to RBI from the ministry not to reconsider Karmakar and Sridhar. The new committee suggested an IAS officer of the Maharashtra cadre to head NABARD. The Member-Secretary of the Reddy panel and Banking Secretary Vinod Rai were happy to appease their fraternity.

Defence Secy to Antony's aid

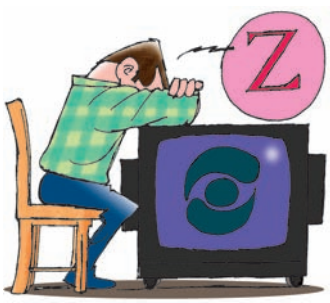
DEFENCE Minister AK Antony has a reputation as a low-profile and honest politician. But since returning from his official visit to Russia this October, he has become extra cautious about meeting foreign diplomats in embassies. Antony went on a two-day visit to Russia with External Affairs Minister Pranab Mukherjee to prepare the ground for Prime Minister Manmohan Singh's visit and also to resolve issues concerning purchase of fighter planes and aircraft carriers. However, the two ministers were not only denied the customary protocol but also subjected to a body search by airport security (as had happened to former Defence Minister George Fernandes in the US).

Soon after his return from Russia, Antony was invited to a slide show of the joint Indo-US military exercise at the American embassy in Delhi. Under the Indo-US defence framework agreement, a series of joint military exercises and training programmes are being conducted on Indian soil. Antony, humiliated in Russia and aware that the joint exercises are drawing flak from the reds, was also aware that the Prime Minister is in favour of them. He dithered on going to the embassy. The clever Defence Secretary, Vijay Singh, guessed his predicament and offered to represent the minister at the embassy.

Prasar Bharati hits out at Lalli & Co.

THE Prasar Bharati Board meeting in October proved a Waterloo for the IAS lobby. The professionals, fed up with the dictates of media-illiterate bureaucrats and their arrogant and boorish style of functioning, decided to give a befitting blow to the IAS lobby.

The meeting was headed by veteran journalist MV Kamath and attended by Chief Executive Officer (CEO) BS Lalli, a retired 1971-batch officer of the Uttar Pradesh cadre, Pradip Singh, the Additional Secretary, Ministry of Information and Broadcasting, AK Jain, the Member-Finance, and other Members of the Board. At the outset, the Board lambasted the CEO for the serious downfall in Doordarshan and All India Radio (AIR). The members were peeved over the fact that Prasar Bharati has been made a haven for the IAS lobby since its inception and is being ruled and ruined by this non-professional fraternity. It is riddled with controversies and the Central Vigilance Commission has found plenty of instances of corruption involving the babus who have worked there.



ILLUSTRATIONS: ARUNA

The meeting witnessed tense moments as Board members demanded that only professionals head these important media units, not bureaucrats. The CEO's move to bring in another IAS officer as Director-General, AIR, was unanimously opposed. "There are deserving and competent professionals in these offices but bureaucrats are creating technical hurdles which should be stopped," said one very vocal member. g

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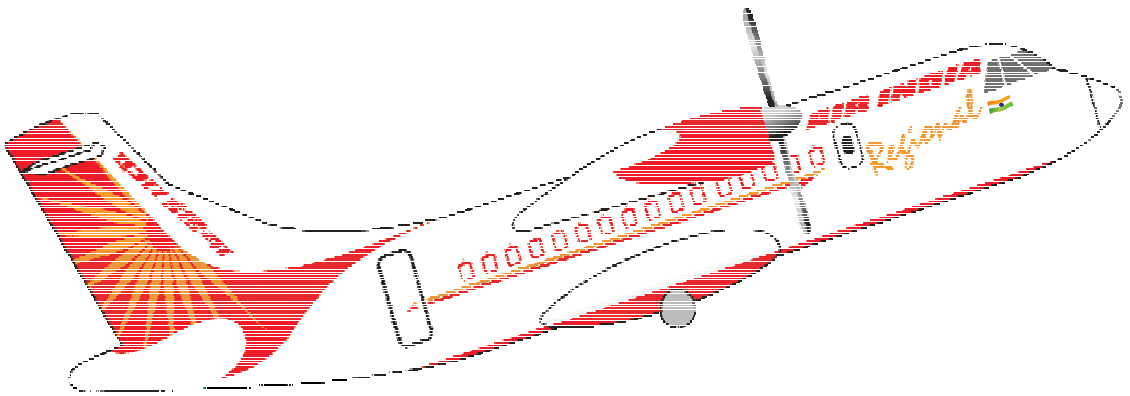

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